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City of El Cajon
El Cajon, California

Single Audit Report on Federal Awards

Year Ended June 30, 2009

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**City of El Cajon
Single Audit Report on Federal Awards
Year Ended June 30, 2009**

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ROGERS, ANDERSON, MALODY & SCOTT, LLP

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The Honorable City Council
City of El Cajon, California

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of El Cajon, California (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the City Council, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rogers, Anderson, Malady & Scott, LLP

December 15, 2009



ROGERS, ANDERSON, MALODY & SCOTT, LLP

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The Honorable City Council
City of El Cajon, California

Report on Compliance with Requirements Applicable to Each Major Program, Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance With OMB Circular A-133

Compliance

We have audited the compliance of City of El Cajon (the City) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City of El Cajon complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

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Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of El Cajon, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 15, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the City Council, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Roger Anderson, Manager & Seal

December 15, 2009

City of El Cajon
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Program/Project Identification Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Transportation Passed through the State of California: National Highway Safety Program: State and Community Highway Safety Grant	20.600	PT0757	\$ 70,260	\$ -
State and Community Highway Safety Grant	20.600	AL0959	21,689	-
Total U.S. Department of Transportation			91,949	-
U.S. Department of Housing and Urban Development Direct Assistance:				
Community Development Block Grant	14.218	B-02-MC-060541	1,088,226	* 211,204
HOME Investment Partnership Grant	14.239	M-02-MC-060508	344,138	9,674
Total U.S. Department of Housing and Urban Development			1,432,364	220,878
U.S. Environmental Protection Agency Direct Assistance:				
Brownfields Assessment and Cleanup Cooperative Agreement	66.818	BF-96952701-1	878	-
Total U.S. Environmental Protection Agency			878	-
U.S. Department of Homeland Security Passed through the State of California Office of Emergency Services:				
Law Enforcement Terrorism Grant	97.074	OES 073-00000	22,921	-
2007 Urban Area Security Grant	97.008	OES 073-66000	22,226	-
2007 State Homeland Security Grant Equip & Planning	97.073	OES 073-00000	10,400	-
2008 State Homeland Security Grant Equip/Train (Fire)	97.073	OES 073-00000	36,391	-
2008 State Homeland Security Grant Equip/Train (Police)	97.067	OES 073-00000	37,609	-
Total U.S. Department of Homeland Security			129,547	-
U.S. Department of Justice Direct Assistance:				
Federal Asset Seizure	16.000	CA037050	90,251	-
Office of Justice Programs Bulletproof Vest Partnership	16.607	BVP	8,402	-
Edward Byrne Memorial Justice Assistance	16.738	2005-DL-BX-0422	8,958	-
Edward Byrne Memorial Justice Assistance	16.738	2008-DJ-BX-0149	18,045	-
Safe Street MOU	16.609	2001-SH-WX-0384	1,511	-
Subtotal			127,167	-

See accompanying notes to the schedule of expenditures of federal awards.

City of El Cajon
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Program/Project Identification Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Justice (continued)				
Passed through the San Diego County Sheriff's Department:				
Narcotics Task Force	16.000	SW-CAS-0437	1,383	-
Domestic Cannibal Eradication/ Suppression Program	16.000	2008-39	16,210	-
Anti-Human Trafficking	16.000	2005-VT-BX-0001	5,055	-
Subtotal			22,648	-
Passed through the State of California Office of Emergency Services:				
Paul Coverdell Forensic Sciences Improvement Program 2007	16.742	CQ07056511	6,215	-
Paul Coverdell Forensic Sciences Improvement Program 2008	16.742	CQ08066511	4,451	-
Subtotal			10,666	-
Passed through the San Diego County District Attorney's Office:				
Project Safe Neighborhoods	16.609	2003-GP-CX-0542	6,902	-
Subtotal			6,902	-
Total U.S. Department of Justice			167,383	-
Total Federal Awards			\$ 1,822,121	\$ 220,878

* Major program

See accompanying notes to the schedule of expenditures of federal awards.

City of El Cajon
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

(a) *Scope of Presentation*

The accompanying schedule presents only the expenditures incurred by the City of El Cajon that are reimbursable under federal programs of federal awards. For the purposes of this schedule, federal awards include both federal awards received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

(b) *Basis of Accounting*

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported include any property or equipment acquisitions incurred under the federal program.

(c) *Subrecipients*

The City incurred \$211,204 of Community Development Block Grant expenditures and \$9,674 of HOME Investment Partnership Grant expenditures that were paid to subrecipients during the year ended June 30, 2009.

City of El Cajon
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness identified?	_____	yes	<u> X </u>	no
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Significant deficiencies identified that are not considered to be material weaknesses?	_____	yes	<u> X </u>	none reported
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Noncompliance material to financial statements noted?	_____	yes	<u> X </u>	no
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Federal Awards

Internal control over major programs:

Material weaknesses identified?	_____	yes	<u> X </u>	no
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Significant deficiencies identified that are not considered to be material weaknesses?	_____	yes	<u> X </u>	none reported
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Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____	yes	<u> X </u>	no
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City of El Cajon
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

I. SUMMARY OF AUDITOR'S RESULTS (continued)

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grant

Dollar threshold used to distinguish
between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes no

II. FINDINGS – FINANCIAL STATEMENT AUDIT

No matters to be reported.

**III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

No matters to be reported.

City of El Cajon
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2009

CURRENT STATUS OF PRIOR YEAR FINDINGS:

There were no prior year findings.